

Subpart G—Economic Injury Disaster Loans as a Result of the September 11, 2001 Terrorist Attacks

SOURCE: 66 FR 53331, Oct. 22, 2001, unless otherwise noted.

§ 123.600 Are economic injury disaster loans under this subpart limited to the geographic areas contiguous to the declared disaster areas?

No. Notwithstanding § 123.4, SBA may make economic injury disaster loans outside the declared disaster areas and the contiguous geographic areas to small business concerns that have suffered substantial economic injury as a direct result of the destruction of the World Trade Center or the damage to the Pentagon on September 11, 2001, or as a direct result of any related federal action taken between September 11, 2001 and October 22, 2001.

§ 123.601 Is my business eligible to apply for an economic injury disaster loan under this subpart?

(a) If your business has suffered substantial economic injury as a direct result of the destruction of the World Trade Center or the damage to the Pentagon on September 11, 2001, or as a direct result of any related federal action taken between September 11, 2001 and October 22, 2001, you are eligible to apply for an economic injury disaster loan under this subpart.

(1) Substantial economic injury is such that a business concern is unable to meet its obligations as they mature or to pay its ordinary and necessary operating expenses.

(2) Loss of anticipated profits or a drop in sales is not considered substantial economic injury for this purpose.

(b) Economic injury disaster loans are available under this subpart only if you were a small business (as defined in part 121 of this chapter) on the date SBA accepts your application for processing (and for applications submitted before March 15, 2002, whether denied or pending, such applications shall be deemed resubmitted on March 15, 2002, you and your affiliates and principal owners (20% or more ownership interest) have used all reasonable available

funds, and you are unable to obtain credit elsewhere (see § 123.104).

(c) Eligible businesses do not include agricultural enterprises, but do include small agricultural cooperatives and producer cooperatives.

[66 FR 53331, Oct. 22, 2001, as amended at 67 FR 11880, Mar. 15, 2002]

§ 123.602 When would my business not be eligible to apply for an economic injury disaster loan under this subpart?

Your business is not eligible for an economic injury disaster loan under this subpart if you (or any principal of the business) fit into any of the categories in §§ 123.101 and 123.201, or if your business is:

(a) Engaged in lending, multi-level sales distribution, speculation, or investment (except for real estate investment with property held for rental on September 11, 2001);

(b) A non-profit or charitable concern;

(c) A consumer or marketing cooperative;

(d) Not a small business concern; or

(e) Deriving more than one-third of gross annual revenue from legal gambling activities;

(f) A loan packager which earns more than one-third of its gross annual revenue from packaging SBA loans;

(g) Principally engaged in teaching, instructing, counseling, or indoctrinating religion or religious beliefs, whether in a religious or secular setting; or

(h) Primarily engaged in political or lobbying activities.

§ 123.603 What is the interest rate on an economic injury disaster loan under this subpart?

Your economic injury disaster loan under this subpart will have an interest rate of 4 percent per annum or less.

§ 123.604 How can my business spend my economic injury disaster loan under this subpart?

(a) You can only use the loan proceeds for working capital necessary to carry your concern until resumption of normal operations and for expenditures necessary to alleviate the specific economic injury, but not to exceed that

which the business could have provided had the injury not occurred.

(b) Loan proceeds may not be used to:

(1) Refinance indebtedness which you incurred prior to September 11, 2001;

(2) Make payments on loans owned by another federal agency (including SBA) or a Small Business Investment Company licensed under the Small Business Investment Act;

(3) Pay, directly or indirectly, any obligations resulting from a federal, state or local tax penalty as a result of negligence or fraud, or any non-tax criminal fine, civil fine, or penalty for non-compliance with a law, regulation, or order of a federal, state, regional, or local agency or similar matter;

(4) Repair physical damage; or

(5) Pay dividends or other disbursements to owners, partners, officers, or stockholders, except for reasonable remuneration directly related to their performance of services for the business.

§ 123.605 How long do I have to apply for a loan under this subpart?

You have until January 22, 2002 to apply for a loan under this subpart. Your application must be postmarked no later than this date. SBA has the discretion, for good cause, to extend the application deadline by publication of a notice in the FEDERAL REGISTER.

§ 123.606 May I request an increase in the amount of an economic injury disaster loan under this subpart?

Yes. Notwithstanding § 123.20, you may request an increase in the amount of an economic injury disaster loan under this subpart not later than one year after the date SBA approves your initial request.

PART 124—8(a) BUSINESS DEVELOPMENT/SMALL DISADVANTAGED BUSINESS STATUS DETERMINATIONS

Subpart A—8(a) Business Development

PROVISIONS OF GENERAL APPLICABILITY

Sec.

124.1 What is the purpose of the 8(a) Business Development program?

124.2 What length of time may a business participate in the 8(a) BD program?

124.3 What definitions are important in the 8(a) BD program?

ELIGIBILITY REQUIREMENTS FOR PARTICIPATION IN THE 8(a) BUSINESS DEVELOPMENT PROGRAM

124.101 What are the basic requirements a concern must meet for the 8(a) BD program?

124.102 What size business is eligible to participate in the 8(a) BD program?

124.103 Who is socially disadvantaged?

124.104 Who is economically disadvantaged?

124.105 What does it mean to be unconditionally owned by one or more disadvantaged individuals?

124.106 When do disadvantaged individuals control an applicant or Participant?

124.107 What is potential for success?

124.108 What other eligibility requirements apply for individuals or businesses?

124.109 Do Indian tribes and Alaska Native Corporations have any special rules for applying to the 8(a) BD program?

124.110 Do Native Hawaiian Organizations have any special rules for applying to the 8(a) BD program?

124.111 Do Community Development Corporations (CDCs) have any special rules for applying to the 8(a) BD program?

124.112 What criteria must a business meet to remain eligible to participate in the 8(a) BD program?

APPLYING TO THE 8(a) BD PROGRAM

124.201 May any business submit an application?

124.202 Where must an application be filed?

124.203 What must a concern submit to apply to the 8(a) BD program?

124.204 How does SBA process applications for 8(a) BD program admission?

124.205 Can an applicant ask SBA to reconsider SBA's initial decision to decline its application?

124.206 What appeal rights are available to an applicant that has been denied admission?

124.207 Can an applicant reapply for admission to the 8(a) BD program?

EXITING THE 8(a) BD PROGRAM

124.301 What are the ways a business may leave the 8(a) BD program?

124.302 What is early graduation?

124.303 What is termination?

124.304 What are the procedures for early graduation and termination?

124.305 What is suspension and how is a Participant suspended from the 8(a) BD program?

BUSINESS DEVELOPMENT

124.401 Which SBA field office services a Participant?